



LUCARA
DIAMOND

July 15, 2020

PRESS RELEASE

LUCARA AND HB ANNOUNCE GROUNDBREAKING PARTNERSHIP FOR 2020 Sales Agreement for All +10.8 Carat Rough Diamonds Through FY2020

VANCOUVER, July 15, 2020 /CNW/ - (LUC - TSX, LUC - BSE, LUC - Nasdaq Stockholm)

Lucara Diamond Corp. (“Lucara” or the “Company”) is pleased to announce that it has entered into a definitive supply agreement for the remainder of 2020 with HB Group out of Antwerp, Belgium (“HB”), in respect of all diamonds produced in excess of 10.8 carats in size from its 100% owned Karowe Diamond Mine in Botswana. Large, high value diamonds in excess of 10.8 carats in size from Karowe account for approximately 70% of Lucara’s annual revenues, and though the mine has remained fully operational throughout the Covid-19 pandemic, Lucara made a deliberate decision not to tender any of its +10.8 carat inventory after early March 2020 amidst the uncertainty caused by the global crisis.

Under the terms of this novel supply agreement with HB, the purchase price paid for Lucara’s +10.8 carat rough diamonds shall be based on the estimated polished outcome, determined through state of the art scanning and planning technology, with a true up paid on actual achieved polished sales thereafter, less a fee and the cost of manufacturing. This unique pricing mechanism is expected to deliver regular cash flow for this important segment of our production profile at superior prices.

ADVANTAGES:

- Regular cash flow for Lucara using a superior pricing mechanism
- Significant potential revenue upside, particularly suited for Lucara’s large, exceptional diamonds
- Increased tax revenue and additional beneficiation opportunities for the Government of Botswana
- The creation of a more efficient, streamlined, supply chain that achieves complete alignment between Lucara and HB to maximize the value of each +10.8 carat diamond produced at Karowe

Eira Thomas, CEO commented: “Building on the partnership established for the manufacturing of the Sewelô earlier this year, Lucara is pleased to have now secured a broader supply agreement with HB to purchase all of our +10.8 carat rough diamonds, through to year-end. This agreement will deliver regular revenues on superior pricing terms to those currently being achieved at tender, and, helps position Lucara to move forward with key underground expansion activities for Karowe in 2020. It is our strong view that the success of our industry in these very uncertain times, requires better alignment between producers, manufacturers, and retailers to establish a healthier, more efficient global diamond supply chain. We are excited to be working with HB to support this new paradigm.”

Oded Mansori, Co-Founder of HB Group, commented: “Aligned in our core values and beliefs, HB is pleased to be entering into this definitive supply agreement with Lucara, turning our long-term vision for transparency and sustainability in the value chain into reality. HB represents a



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new, innovative approach, using technologies that nullify speculation in favor of a stronger ecosystem, the first of its kind for our industry.”

Eira Thomas
President and Chief Executive Officer

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ABOUT LUCARA

Lucara is a leading independent producer of large exceptional quality Type IIa diamonds from its 100% owned Karowe Mine in Botswana and owns a 100% interest in Clara Diamond Solutions, a secure, digital sales platform positioned to modernize the existing diamond supply chain and ensure diamond provenance from mine to finger. The Company has an experienced board and management team with extensive diamond development and operations expertise. The Company operates transparently and in accordance with international best practices in the areas of sustainability, health and safety, environment, and community relations.

ABOUT HB GROUP

The HB Group is a technology company focused on diamonds, based in Antwerp. Given the extensive experience in the diamond sector of several of the Group's co-founders the company has broadened the concept of transparency with a focus on the end to end supply chain management in order to simplify the complexities and challenges of global diamonds supply chains.

The information in this release is subject to the disclosure requirements of the Company under the EU Market Abuse Regulation. This information was publicly communicated on July 15, 2020 at 2:00 pm Pacific Time.

CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain of the statements made and contained herein and elsewhere constitute forward-looking statements as defined in applicable securities laws. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions,



or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved.

Forward-looking statements are based on the opinions and estimates of management as of the date such statements are made, and they are subject to a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievement expressed or implied by such forward-looking statements. The Company believes that expectations reflected in this forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be accurate and such forward-looking information included herein should not be unduly relied upon.

In particular, this release may contain forward looking information pertaining to the following: the benefits of the supply arrangement with HB, the ultimately achieved pricing/revenues and predictability of cash flows from the supply arrangement with respect to Karowe diamonds, the increased opportunities for the Government of Botswana, anticipated production from the Karowe mine, the ability of the Company to progress its planned underground expansion activities for the Karowe mine in 2020 and other forward looking information.

There can be no assurance that such forward looking statements will prove to be accurate, as the Company's results and future events could differ materially from those anticipated in this forward-looking information as a result of the rapidly evolving regulatory landscape and market conditions related to the COVID-19 pandemic, and the operational and travel bans that have been imposed or may be expanded into regions impacting Lucara's operations, those factors discussed in or referred to under the heading "Risks and Uncertainties" in the Company's most recent Annual Information Form available at <http://www.sedar.com>, as well as changes in general business and economic conditions, changes in interest and foreign currency rates, the supply and demand for, deliveries of and the level and volatility of prices of rough diamonds, costs of power and diesel, acts of foreign governments and the outcome of legal proceedings, inaccurate geological and recoverability assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), and unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalations, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job actions, adverse weather conditions, and unanticipated events relating to health safety and environmental matters).

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements which speak only as of the date the statements were made, and the Company does not assume any obligations to update or revise them to reflect new events or circumstances, except as required by law.